

A World Umpire for Business

By HUSTON THOMPSON

FORMERLY ASSISTANT ATTORNEY GENERAL,
NOW FEDERAL TRADE COMMISSIONER.



(C) Harris & Ewing

HUSTON THOMPSON

DISRAELI rose on one occasion in the House of Commons and said, "Tomorrow the impossible will happen." Today the impossible is here and is happening. When I was a boy Jules Verne wrote a book; it was called "Around the World in Eighty Days." People enjoyed this fiction, but believed such a trip only a fiction until someone traveled the world in less time. Today I can lift the receiver at Arlington, utter a word, and instantly a human being in Paris knows what I have said. For a moment you may say this is marvelous, but hold! Another person in Hawaii has been listening in, and when I hang up the receiver he calls me back and tells me that I whispered to the man in Paris. I can project an emanation from off a wire and in quicker time than I can utter the words, that flash has traveled around the world.

Today we cross the United States in twenty-five hours. I am told by one of our greatest experts that he confidently expects we will circle the world in twenty-four hours through the air. This winter a flying machine will undoubtedly reach Alaska and possibly Asia; Singapore and Chicago are closer together today than were Boston and Washington in 1776.

What shall we say of men who spend the precious hours debating the question of isolation and deny the possibility of co-operation when time and space have been so blotted out? The question is no longer that of alliances, entangling or disentangling. It is a question of reliance—the dependency of the little nation upon the big and of the big upon the little. There was a day when a bank could see a competing bank fail with the thought that the competitor's destruction would increase the business of the survivor. Nowadays that fiction is so dispelled that when a bank is tottering the neighboring banks will rush to its rescue, not alone from a spirit of altruism, but knowing that a failure of one will work an injury to all.

England clashes with the Boers, and when the smoke rolls away, so much raw material has been destroyed and so many men have been taken out of the legitimate channels of industry that the increase in the cost of living is reflected in the United States. The Balkan War breaks out and while it is raging, though thousands of miles away, the necessities of life in America begin to mount in price. A famine in India is reflected in South America. A war in France is the indirect cause of thousands dying in every other part of the world. And yet we talk of isolation!

If there is one thing this late catastrophe should have scared upon the minds of nations, it is that we are our brother's keeper the world over. So convinced am I of this that I declare that not only am I in favor of all nations combining to keep the peace, but that we, the United States, shall not hesitate, where any despot or group of despots set themselves up to take what does not belong to them and thus set in motion a potential famine or suffering throughout the world, to use every power we possess in conjunction with other nations to suppress that despot or group of despots.

At the very moment when time and space are contracting, the ideas of the business men of the world are expanding. The arena of business is no longer the nation, it is the universe. In the past we saw titanic groups struggle for the mastery of an industry within a nation's borders. We turn the page, and behold business has raised its eyes from a nation's shores and is searching the uttermost parts of the world for fields to conquer.

THE Standard Oil Company with a tanker tonnage estimated in 1917 at 600,734 tons, and owning oil producing territory in the United States, Mexico, South America, and Europe, is matched with the Royal Dutch Shell group of Great Britain and Holland with an estimated tanker tonnage of 493,370 gross tons, and possessing oil producing territory in the Dutch East Indies, Egypt, Russia, Roumania, United States, Mexico and elsewhere. Already we behold these Titans struggling for world mastery. Will one subdue the other? Or will they, after a destructive contest, call it a draw and divide the world into two fields without regard to the consumers?

A suit in Boston reveals a secret agreement wherein E. I. duPont de Nemours & Co., of Wilmington, Delaware, and Levinstein, Limited, of Manchester, Eng., contract to divide the territory of Europe, North and South America, China and Japan for the exclusive right to use, manufacture and sell each other's patented inventions and secret processes.

The packers control approximately 60 per cent of the exports of beef from the Argentine and Uruguay, and are so implanted in Great Britain that a committee appointed by the Minister of Reconstruction has made a report to Parliament recommending how to handle this great combination. The journals of Denmark, Australia, and other countries, also comment on the

activities of the packers in those countries. The press of England, Australia, Canada, Denmark, Belgium, and reports from Germany describe great combines brought together to invade the markets of other countries through single units to be used for buying and selling.

Industries in various nations are preparing to dump their excess production into the markets of other nations at a price lower to the foreign consumer than the domestic and with the domestic consumer paying the penalty. This may be advantageous to the foreign consumer, but what of the local consumer the world over?

Since we are dealing with the dreams of the world's producers let us say a word about the nightmare of the world's consumers. When one sees the exporters of practically every nation selling in foreign lands cheaper than to their home consumers, he might almost believe there was a conspiracy against the home consumer to compel him to pay all the traffic will bear whether the consumer be Chinese, American, Hindu, or German. If the export price falls below the domestic price, the domestic consumer will eventually bear the burden, and a continuation of such a practice would lead to monopoly. In Germany previous to the war under the cartel system the middle class bore the burden of the cheaper price for her exports in foreign countries. A group of leaders in an industry in this country told me a short time ago that the great reason for increased cost of their product was the unprecedented export of their output.

Let us glance at the startling jump of exports previous to the war and at the present time:

Comparative table of exports of commodities from United States, for first eight months.			
	1913	1919	Increase
Boots and shoes (Pairs)	6,818,964	14,016,831	7,197,867
Sugar, refined (lbs.)	31,849,814	1,039,781,958	1,007,932,144
Wheat flour (bbls.)	7,416,582	19,920,027	12,503,445
Rye flour (bbls.)	4,435	844,798	840,363
Beef, fresh (lbs.)	4,938,204	105,094,895	100,156,691
Bacon (lbs.)	142,415,928	951,971,835	809,555,907

Does anyone begrudge the consumer in foreign lands our excess production? No. Would we check our foreign trade? On the contrary, we say, "More power to it, so long as the American consumer shall have first call upon our own products." Let none think this indigenous to America alone. Today Great Britain is selling articles abroad at lower prices than she sells to her domestic consumer. So are other countries. There is, of course, no conspiracy, but there is a practice in vogue of which the governments of the world must take notice.

It is that the domestic consumer is discriminated against. This question is more vital to Great Britain and America than to any other countries because they are the world's greatest exporters. What shall the remedy be for this and other practices in the world of commerce? America has pointed the way.

The United States added to the glory of her inventive genius in governmental affairs by creating through legislation an organization known as the Fed-

eration of Commerce. Adopting, where practical, its design to the nations of the world, why may there not be modeled after it an international trade commission so to umpire commercial competition between representatives of different nations that fair play in the business of the world shall be assured. To accomplish this there need be no entangling alliances or surrender of any part of any sovereignty. It may be brought about through association and the power of publicity.

The English parliament is about to propose legislation to create a commission similar to ours; Canada created such a body July 7, 1919; Australia has such a commission, and so has New Zealand. The Danish parliament has a bill before it to provide for a federal trade commission.

Permit me to visualize an international trade commission. Picture a great football arena. The audience is massed in the stand. Two teams run out on the field, line up, and at the last moment an official appears clad in civilian clothes and takes his place close by the teams. His presence is a signal for the game to start. Back and forth the teams sway. The official follows them in silence. Suddenly the play stops. The official calls the captains together, points to a player and that player's side is penalized. Why? Because the offender was holding his opponent when his side had the ball. The game is resumed. Again it is stopped and this time the official orders a player to leave the game. Why? Because he struck an opponent.

Those spectators in the grand stand are the people of every country. Those two teams are business competitors struggling for the goal—to supply the consumers' needs. The official, who is the umpire, is the

commission. What are the duties of that football official? To see that the game is played fairly and according to rule. Such are the duties of the Federal Trade Commission and such would be the duties of an international trade commission in the business world.

Does a business man not know he is unfair when he sells below cost to injure his competitor and misrepresents the fact by advertising that he was able to sell the article at such a low figure because he could buy the article cheaper than his competitor? Does the business man not know when a consumer seeks to purchase one article and is met with a reply that he cannot get it unless he buys two of another kind, when the business man practically controls the first article, that this practice, if not checked, will ultimately lead to monopoly and the destruction of competition?

The devices which are unfair in business today were practiced in the days of Babylon, Nineveh, and Solomon. Men intuitively know right from wrong in these matters just as they know the right from wrongs proscribed by the Ten Commandments, had the latter never been written.

THE United States, owing to the powers granted to the Federal Trade Commission, occupied a unique and enviable position in the commercial world. It is the only country that I know of in which the legislative body has given an administrative department the power to follow the acts of its citizens, when competing against each other, into the foreign lands and to say to them, whether they be in China or Borneo, that if they are not playing the game fairly toward each other, they shall cease and desist from the matter complained of. Already this power has had a salutary effect. Should not the other nations police or umpire the business matters of their competitors in foreign lands? Undoubtedly other countries will follow the lead of America and enact legislation similar to ours. The one remaining step is the supervision of trade between the industries of the several nations by an international trade commission. Let us suppose an industrial commission composed of representatives of England, Canada, Australia, New Zealand, and any other country that had a federal trade commission, or desired to send a trade representative, assembling for their first meeting at Ottawa, with only complaints between competitors of different nations to be brought before them. For purposes of regularity, it could be required that the complaints come through the trade commission or commerce departments of the nations represented.

That there might be no charge of discrimination, the cause would be tried before representatives of the international body not belonging to either one of the nations whose citizens were litigating. The definition of what was an unfair trade practice before this committee could be found in the unfair practices condemned by the common law of England, the laws of all other nations, both ancient and modern, the rulings of respective trade commissions, the pronouncements of political economists, and above all, in the common sense of those representatives before whom the case was presented. After investigation and hearing, the international commission could publish its findings and either dismiss the complaint, if the charges were groundless, or render its verdict if the complaint were well founded. The conclusions, together with the findings, could then be transmitted to the trade commissions or the proper representatives of all the nations comprising the commission. In the universal publicity of the findings of such a body would lie the corrective. The tentative plan offered here may suggest criticism. If so, criticism will undoubtedly develop a more feasible plan. Anyone reading the utterances of representatives of the British Parliament and noting the acts of the Board of Commerce (their trade commission) of Canada and Australia cannot but believe that the ruling forces of these countries are eager to play the game fairly in the world of business. It has often been said, and history appears to sustain the statement, that wars follow unfair conquests of trade.

On one occasion in ancient times there was assembled a great banquet in a famous city. On the border of that nation's territory an enemy, the most brutal, efficient and ferocious of its time, was threatening. At last awakened out of their lethargy, the king and some of his counsellors finally called the representatives of the various walks of life to this banquet to discuss ways and means to meet the threatened invasion. There were present the warrior, with but a single thought—to fight; the merchant, who was willing to pay tribute; the politician who suggested a parley, and finally, a great man, both prophet and prime minister. The prophet said, "We had our opportunity, but it is lost. We did not fight when we should have fought; we paid tribute and we parleyed; we had the opportunity to lead the world by establishing fair play in the world. Today there is no escape from paying the price." The price was destruction.

Selfishness is on the border of the territory of world democracy. It is threatening again. To let it get us in a position where we will have to fight it with arms, to pay tribute to it, or to parley with it, will mean future wars. Let us check it with a force such as that ancient statesman suggested in vain, and try an international trade commission whereby fair play may be established in the world of business—fair play between the competitors of the world.

THERE is a feeling, and it is a growing sentiment, in this and other countries that there is a place in world affairs for an international trade commission patterned along lines not unlike those of the Federal Trade Commission of the United States. It is known that it is viewed with favor in at least one other country, and its workability, under the guidance of an effective League of Nations, has been pointed out repeatedly.